



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

September 9, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Acting Auditor-Controller

SUBJECT: **JEWISH VOCATIONAL SERVICE CONTRACT REVIEW – A
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER – FISCAL YEAR 2007-08**

We have conducted a program, fiscal and administrative contract review of Jewish Vocational Service (JVS or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with JVS, a private non-profit organization to provide and operate the WIA Youth, Adult, Dislocated Worker and Adult Special Needs Programs. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The WIA Adult Special Needs Program is a comprehensive training and employment program limited to low-income adults 18 years or older, who face multiple barriers to employment. These individuals include the recovering drug addicts, homeless individuals and criminal offenders. JVS' offices are located in the Third and Fifth Districts.

JVS is compensated on a cost reimbursement basis and has a contract for \$369,358 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether JVS complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, JVS maintained sufficient internal controls over its business operations. However, JVS exceeded the FY 2006-07 WIA budget by \$2,899 and billed CSS for the additional amount. The County contract requires contractors to request reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts.

In addition, JVS did not always comply with WIA and County contract requirements. For example:

- JVS did not maintain appropriate documentation to support the eligibility of seven (70%) of the ten Youth participants sampled.
- JVS did not meet four (25%) of 16 performance measures outlined in the County contract.
- JVS' operational Memorandum of Understandings with all 16 partnering agencies were not in compliance with WIA guidelines.

Subsequent to our review, JVS provided additional documentation to support the eligibility for all seven participants.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with JVS and CSS on July 28, 2008. In their attached response, JVS concurred with our findings and recommendations.

We thank JVS for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Vivian Seigel, Chief Executive Officer, Jewish Vocational Service
Sunny Caine, Chairperson, Jewish Vocational Service
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
JEWISH VOCATIONAL SERVICE
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Jewish Vocational Service (JVS or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 35 (33%) of the 106 participants that received services from July 2007 through February 2008 for documentation to confirm their eligibility for WIA services.

Results

JVS did not maintain appropriate documentation to support the eligibility of seven youth participants sampled. Specifically, JVS did not maintain documentation to support the participants' barriers as required by WIA regulations. Subsequent to our review, JVS provided additional documentation to support the eligibility for all seven participants.

Recommendation

1. **JVS management ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 35 (33%) participants that received services during July 2007 through February 2008. We also interviewed four youth participants/guardians, four adults, six dislocated workers and two adult special needs participants.

Results

The 12 participants/guardians interviewed stated that the services they received met their expectations. However, JVS did not report the participants' program activities, such as completion of leadership training, on the Job Training Automation (JTA) system for five youth participants sampled. The JTA system is used by the State of California Employment Development Department (EDD) and the Department of Labor to track WIA participants' activities. This finding was also noted during the prior two years' monitoring reviews.

Recommendation

2. **JVS management ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.**

PERFORMANCE OUTCOME REVIEW**Objective**

Determine whether the Agency met the planned performance measures as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB).

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes for the second quarter to the second quarter planned performance measures outlined in the County contract and to the program activities reported on the JTA system. We also reviewed the documentation contained in the case files for ten youth, ten adults, ten dislocated workers and five adult special needs participants as having exited the program, completed training and/or gained employment during the first two quarters of FY 2007-08.

Results

Generally, JVS accurately reported the performance outcomes to the WIB. However, JVS did not meet four (25%) of the 16 performance measures outlined in the County contract. Specifically, JVS planned that ten participants would successfully exit the WIA Youth Program and one Youth participant would successfully complete training. However, only eight (80%) participants exited the WIA Youth Program and no participants completed training as planned. JVS also planned that three participants would successfully exit from the Adult Special Needs Program and three participants would gain employment. However, no Adult Special Needs Program participant exited or gained employment as planned. The County contract requires the Agency to maintain a performance level of 85% or higher compared to the planned performance level.

Recommendation

3. JVS management ensure that performance measures outlined in the County contract are met.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's January 2008 bank reconciliation.

Results

JVS maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 68 non-payroll expenditure transactions billed by the Agency for July, October and December 2007, totaling \$12,565.

Results

Generally, JVS' expenditures were allowable, properly documented and accurately billed

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

JVS maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether JVS' fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 10 items purchased with WIA funds, totaling \$22,839.

Results

JVS used the equipment purchased with WIA funds for the WIA programs. In addition, the items were appropriately safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for 11 employees totaling \$15,079 for December 2007 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for five employees assigned to the WIA programs.

Results

JVS appropriately charged payroll expenditures to the WIA programs. In addition, JVS' personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN/MEMORANDUM OF UNDERSTANDING**Objective**

Determine whether JVS' Cost Allocation Plan and operational Memorandum of Understanding (MOU) were prepared in compliance with WIA and County contract requirements. In addition, determine whether the Agency used the Cost Allocation Plan and MOUs to appropriately allocate shared program expenditures. JVS is a One-Stop Center required to have MOUs with all partnering agencies. WIA guidelines require the One-Stop Center lead agency to establish an operational MOU with all partnering agencies participating in providing services through the One-Stop Center.

Verification

We reviewed the Cost Allocation Plan and the operational MOUs and reviewed a sample of expenditures incurred by the Agency in July, October and December 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

JVS' Cost Allocation Plan and the operational MOUs were not in compliance with WIA guidelines. For example, the Agency's Cost Allocation Plan did not identify a list of all costs that are billable to the WIA programs or a summary schedule showing the allocations of each cost to benefitted agencies as required.

In addition, ten (63%) of the 16 MOUs were not signed by the partnering agencies and all 16 (100%) MOUs did not adequately identify the methods of referral between programs, the MOU modification process and/or funding arrangements, otherwise known as the Resource Sharing Agreement (RSA). As such, we could not determine whether JVS appropriately applied the RSA to their shared program expenditures.

Subsequent to our review, JVS provided a revised Cost Allocation Plan.

Recommendations**JVS management:**

4. **Establish WIA compliant operational MOUs with partnering agencies participating in providing services through the One-Stop Center as required.**
5. **Ensure that shared expenditures are appropriately allocated according to the revised Cost Allocation Plan and RSAs established within the MOUs.**

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2006-07 final close-out invoices for the WIA Youth, Adult, Dislocated Worker and Adult Special Needs programs reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in April, May and June 2007.

Results

JVS billed CSS \$3,099 in unallowable and unsupported program expenditures. Specifically, JVS:

- Exceeded the WIA Adult Program budget by \$1,218, the WIA Youth Program budget by \$757, the WIA Dislocated Worker Program by \$742 and the WIA Adult Special Needs Program budget by \$182, totaling \$2,899. The County contract required contractors to request reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts.
- Did not repay CSS \$200 for a refunded expenditure.

Recommendations**JVS management:**

6. **Repay CSS \$3,099.**
7. **Ensure that amounts billed to CSS do not exceed the maximum limits indicated in the County contract.**
8. **Credit or repay CSS when refunds are received for expenditures CSS previously reimbursed.**

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on November 19, 2007.

Results

The prior year's monitoring report contained nine recommendations. JVS implemented eight recommendations. As previously indicated, the finding related to recommendation 2 contained in this report was also noted during the prior year's monitoring review.

Recommendation

There are no recommendations for this section.



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Wendy L. Watanabe,
Acting Auditor- Controller,
Countywide Contract Monitoring Division,
1000 S. Fremont Avenue, Unit # 51,
Alhambra, CA 91803
Attention Yoon Bae.

Ref: Jewish Vocational Service – Contract Review
Fiscal Year 2007-08

Dear Ms Watanabe,

This is in response to the Final contract review we received Friday August 8, 2008.

Section – Eligibility

Recommendation 1.

We concur and will ensure that we will obtain appropriate documentation from participants to ensure that they are eligible

Section – Billed Services/Client Verification

Recommendation 2

We have revised JTA codes with staff to ensure that we enter information correctly to the JTA system to reflect participants program activities

Section – Performance Outcome Review

Recommendation 3

We agree to ensure that performance measures outlines in the County contract are met.

Section – Cost Allocation Plan/Memorandum of Understanding

Recommendation 4 .

We agree to establish WIA compliant operational MOUs with partnering agencies participating in providing services at the Marina One-Stop Center.

Recommendation 5.

We agree to ensure that the shared expenditures are appropriately allocated according to the Cost Allocation Plan and RSA when the MOUs are established.

Section – Close-out Review

Recommendation 6-8

We concur, will repay the \$3,099 and ensure that bills to CSS do not exceed the maximum limits indicated in the County contract.

Best regards

Orwen Brown (CFO)

Jewish Vocational Service
6505 Wilshire Blvd., Suite 200, Los Angeles, CA 90045
313.761.6688 / 313.761.6575 TTY: 313.761.5101
22622 Vanowen Street West Hills, CA 91307
818.464.3222 / 818.464.3375
www.jvs.org

JVS WorkSource Centers
5737 Wilshire Blvd., Promenade 3 Los Angeles, CA 90036
323.904.1900 / 323.904.4905 TTY: 323.904.1906
13160 Mindanao Way Suite 240, Marina Del Rey, CA 90291
310.309.6000 / 310.309.6032 TTY: 310.309.6013
www.jvs.org

